No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

NEW ISSUE

AR43

Realty Capital Corp. Limited

(formerly C-I Credit Corp. Limited)

(Incorporated under the laws of Ontario)

250,000

NON-CUMULATIVE NON-VOTING PARTICIPATING CONVERTIBLE CLASS A SHARES WITHOUT PAR VALUE (HEREIN CALLED CLASS A SHARES)

Accompanied by Series C Share Purchase Warrants

Offered in units each consisting of 2 Class A shares and 1 Series C warrant. Each Series C warrant will permit the purchase of one Class A share at a price of $4.50 at any time up to and including February 15, 1974 and at $5.00 at any time thereafter up to and including February 15, 1979. The Series C warrants will be in bearer form and will have antidilution provisions. Further information relating to the Class A shares and Series C warrants appears on page 7.

An application has been made to list these Class A shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution within a period of 90 days.

In the opinion of counsel, the Class A shares will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act, and will also be investments in which Schedule C to the Regulations under the Pension Benefits Standards Act states that the funds of a pension plan thereunder may be invested without resorting to the provisions of section 4 of the said Schedule C.

	PRICE TO PUBLIC	UNDERWRITERS COMMISSION (1)	PROCEEDS TO COMPANY (2)
Per Unit	$ 8.05	$ .575	$ 7.475
Total	$1,006,250.	$71,875	$934,375

(1) The Class A shares have been allotted to the underwriters at $4.00 each and the 125,000 Series C warrants have been sold to the underwriters by the Company at a price of 5¢ per warrant for an aggregate consideration of $1,006,250, less an aggregate commission of $71,875. The underwriters are also purchasing 30,000 Series C warrants at 5¢ per warrant for their own account, of which they intend to re-sell some or all subject to compliance with applicable securities legislation.

(2) Before deducting expenses of issue, estimated at $30,000 and without allowance for the $1,500 proceeds of the warrants sold to the underwriters for their own account.

(3) The aggregate consideration of $7,750 received from the sale of all of the warrants will be credited to contributed surplus.

We, as principals, offer these Units, subject to prior sale, if, as and when the shares and warrants are issued by the Company and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Cassels, Brock, who are also counsel for the Company.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that certificates for the Class A shares in interim fully registered form and interim certificates for the Series C warrants will be available for delivery on or about March 17, 1969.

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THE COMPANY

Realty Capital Corp. Limited (the "Company") is a holding Company operating primarily through subsidiaries. Its head and principal office is located at 133 Richmond Street West, Toronto, Ontario. It was incorporated under the laws of the Province of Ontario by Letters Patent dated March 9, 1962. The Company obtained Supplementary Letters Patent in 1963 and 1964 relating to its capital structure, and most recently on January 25, 1969, the latter changing its name from C-I Credit Corp. Limited, subdividing its Class A and common shares on a two for one basis, and providing for its current authorized capital.

THE BUSINESS OF THE COMPANY AND ITS SUBSIDIARIES

Soon after its incorporation the Company acquired all of the outstanding capital stock of its present wholly-owned subsidiaries Commodore Investments Limited and Warchester Investments Limited, both Ontario companies.

In November, 1964, the Company acquired a substantial interest in the shares of County Savings and Loan Corporation (herein called "County"), a Company incorporated under the Loan and Trust Corporations Act of Ontario. By October, 1968, it owned 20.6% of the outstanding shares of County and in that month agreed to purchase in instalments at a total cost of $84,000 an additional 20.7% of such shares at $3.50 per share. The Company now owns 30.9% of the outstanding shares, with the final 10.4% to be acquired under the agreement on January 31, 1970.

WARCHESTER INVESTMENTS LIMITED (herein called "Warchester")

Warchester is involved in the purchase and sale of improved real estate, the purchase, development and sale of unimproved real estate and to some extent in the leasing of real estate and in construction. It also performs a mortgage banking service by locating, acquiring and managing mortgages for other persons. It has two construction projects scheduled for 1969 on land owned by it close to Metropolitan Toronto, one being a 57 suite apartment house in the Village of Pickering and the other a building in Richmond Hill which it is expected will be leased to a bank on a twenty year lease. It has successfully developed and sold a parcel of land in the Township of Markham, to be used for single and semi-detached residential units.

The following table shows Warchester's sales of real estate and mortgages since January 1, 1966:

	1968	1967	1966
Real Estate	$1,332,850	$698,050	$114,200
Mortgages	153,464	269,299	344,458

Most of the items above were disposed of after a holding period of only about 90 days. As of December 31, 1968, Warchester's portfolio of real estate held for sale had a cost of $324,177.

Warchester has recently contracted to purchase interests in three other parcels of land for development, two in the Town of Mississauga and the third near Bath, west of Kingston, Ontario.

COMMODORE INVESTMENTS LIMITED (herein called "Commodore")

The principal business of Commodore is the provision of funds for mortgages on residential real estate and, to a lesser extent, on commercial and industrial properties. It also provides mortgage loans, on an interim basis, usually for terms of less than one year, for the construction and development of real estate. It is the policy of Commodore's management to provide such "bridge financing" only in cases where the borrower has definite long term financing arranged. The usual effective annual interest rates charged by Commodore range between 11% and 15% depending on the nature of the loan and the servicing costs involved.

Commodore has an arrangement with County Savings and Loan Corporation which enables it to offer borrowers a "combined mortgage" for a total principal amount higher than that ordinarily offered by institutional mortgage lenders, at a combined interest rate competitive with similar combined mortgage plans now being offered. In some cases it acquires an interest with others in mortgages which are larger than it wishes to hold by itself. In these cases it is Commodore's present policy to administer the mortgage on behalf of the participants for a fee, and it is also able to derive fees in such cases from its ability to find and examine the merits of particular mortgage loans.

COUNTY SAVINGS AND LOAN CORPORATION (herein called "County")

County is incorporated under the Loan and Trust Corporations Act of Ontario. It offers its services through its three branches in Toronto at 133 Richmond Street West, 1224 St. Clair Avenue West and 1954 Danforth Avenue. The Danforth Avenue branch was opened on February 9, 1968.

County provides savings and chequing account privileges for its customers, sells investment certificates and makes consumer or personal loans. These services are competitive in respect to interest rates and quality with similar services provided by the chartered banks. County is currently operating on a profitable basis. Total assets and income have increased as follows:

	1967*	1966	1965
Total assets at December 31	$3,163,598	$2,101,635	$1,159,749
Gross income for the year	213,934	124,668	47,703
Net income (loss) for the year	14,758	(37,525)	(39,244)

*After reflecting income adjustment recorded in 1968 applicable to the year 1967.

Being still in the development stage, County has paid no dividends to date. County is a member of the Canada Deposit Insurance Corporation, a Government agency which guarantees repayment of moneys lent to the member companies by the public up to $20,000 per depositor.

County also makes available conventional mortgages on real estate up to 75% of the value of the real estate so mortgaged. It is an approved lender under the National Housing Act and as such can initiate and service mortgages guaranteed by Central Mortgage & Housing Corporation.

EMPLOYMENT OF ASSETS AND SOURCES OF TOTAL INCOME

The following table indicates the recent employment of assets of the Company and its subsidiaries on a consolidated basis and their sources of total income.

	Percentage of consolidated assets at book value, devoted thereto as at September 30, 1968	Percentage of total income derived therefrom for the nine months ended September 30, 1968
Mortgage and real estate trading and land development	11.7%	30.0%
Investment in mortgages and similar securities	78.9%	70.0%
Investment in shares of County Savings and Loan Corporation	3.7%(1)	Nil
Other assets	5.7%	Nil
	100.0%	100.0%

(1)Prior to the acquisition of a further interest in County mentioned on page 3.

DISTRIBUTION OF ASSETS

The following table shows the nature of the Company's interest in its two wholly owned subsidiaries, Commodore and Warchester, and in County, as of January 31, 1969, and the amount of money loaned to or deposited with each by the Company at that date. The financial statements of Commodore and Warchester are consolidated with those of the Company.

Name of Company	Number of shares authorized	Number of shares issued	Number of shares owned	Amount loaned or deposited
Commodore Investments Limited				$1,472,335
	10,000 6% first preference, $1 p.v.	Nil	Nil	
	20,000 second preference, $1 p.v.	Nil	Nil	
	10,000 Common, n.p.v.	100	100	
Warchester Investments Limited				860,074
	3,600 non-voting preference, $10 p.v.	3,600	3,600	
	4,000 Common, $1 p.v.	20	20	
County Savings and Loan Corporation				1,924
	1,000,000 $5 p.v.	116,100	35,915	

The Company does not own, either in its own right or in concert with its subsidiaries and County, more than 5% of the capital securities of any company other than those set out above, except that Warchester owns 25% of the outstanding shares of Steele-Ken Co. Limited, 43 Queen Street West, Brampton, Ontario, the general partner in a limited partnership of which Warchester is a member, formed to own one of the parcels of land for development mentioned on page 3, and Warchester expects to take up its interest in another of such parcels through the ownership of approximately 40% of the shares of a corporation which will be incorporated to own and develop the land.

CHARACTERISTICS OF MORTGAGES AND SIMILAR INVESTMENTS

Commodore follows a policy with respect to the making and acquiring of mortgage loans which includes an examination by qualified personnel of the credit standing, earning power and employment record of the applicant and a physical examination of the property. The subsidiary's appraisers are well qualified and have had many years experience in the evaluation of property for mortgage and other purposes. Before each loan is completed, a legal opinion is obtained with respect to the title to the security. All the loans are secured by registered mortgages or similar instruments secured upon real estate, together with an assignment of fire insurance coverage, and, in the case of commercial and industrial properties, by assignment of leases where thought necessary.

In some cases, additional collateral security is obtained, such as assignments of life insurance policies and guarantees of individual principals or corporations. It is the general policy of Commodore not to make loans available in communities with populations of less than 10,000.

Warchester, in acquiring mortgages and in selling real estate to purchasers from whom mortgages are taken back is guided by the same principles as those of Commodore.

The experience of both subsidiaries with respect to bad debts has been very good. Cases where foreclosure proceedings have been completed in respect of mortgages in default, and the properties sold, taken as a class, have resulted to date in a profit to the Company. Properties acquired through foreclosure and held for sale as of September 30, 1968, had a cost of $25,178 on the basis of the principal balance owing on the former mortgage with accrued interest to the date of the final order of foreclosure and incidental costs. Management of the Company anticipates that the net proceeds of the sale of such properties will cover their cost.

The following table describes the mortgages and similar securities owned by the Company and its subsidiaries at the date indicated. It is the policy of the Company and its subsidiaries to maintain as close a relationship as possible between the maturities of the mortgages held for investment and the maturities of the Company's long term borrowings.

MORTGAGES RECEIVABLE AS AT SEPTEMBER 30, 1968

	ACCOUNTS		TOTAL DOLLARS		MATURING AS FOLLOWS				
	Number	%	Amount	%	Up to Dec. 31, 1968	Jan. 1, 1969 to Dec. 31, 1969	Jan. 1, 1970 to Dec. 31, 1971	Jan. 1, 1972 to Dec. 31, 1973	Jan. 1, 1974 and after
First Mortgages:									
Residential	180	34.9	$ 832,609	33.0	—	$ 28,162	$ 120,350	$ 331,908	$ 352,189
Commercial	4	.8	92,590	3.7	$ 15,407	—	30,000	—	47,183
	184	35.7	$ 925,199	36.7	$ 15,407	$ 28,162	$ 150,350	$ 331,908	$ 399,372
Second Mortgages:									
Residential	307	59.5	$ 1,220,768	48.4	$ 27,601	$ 104,229	$ 328,942	$ 629,146	$ 130,850
Commercial	25	4.8	374,802	14.9	37,756	70,265	117,684	52,859	96,238
	332	64.3	$ 1,595,570	63.3	$ 65,357	$ 174,494	$ 446,626	$ 682,005	$ 227,088
	516	100.0	$ 2,520,769	100.0	$ 80,764	$ 202,656	$ 596,976	$ 1,013,913	$ 626,460
Less Reserve			10,000						
GRAND TOTAL			$ 2,510,769						

The foregoing data arranges the principal balances outstanding as at September 30, 1968 under the period in which final instalment payments become due. It does not reflect the amortization of principal balances by monthly payments scheduled to be made over the term of the loan. Voluntary repayments, which may be made before maturity and which in practice have been substantial, are not reflected in this table.

At September 30, 1968, the average principal amount of the mortgages above was $4,885. The largest mortgage was $35,762 in principal amount.

As of the same date payments more than 15 days in arrears on the mortgages amounted to $3,229, of which approximately $400 represented payments more than 3 months in arrears.

In the case of mortgages where the Company and its subsidiaries participate with others, the figures above include only the portions owned by the Company and its subsidiaries.

TURNOVER OF THE SECURITIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

The total cost of securities held by the Company, other than its investments in its wholly-owned subsidiaries and in instruments relating to real property acquired from its subsidiaries from time to time, was $122,025. at the beginning of 1968 and $145,658. at the end of that year. The only material purchase of such securities in the year was the acquisition of a further 5.2% interest in County for an aggregate consideration of $21,000. See reference to acquisition of County shares on page 3.

The total of the principal balances of securities related to real property (primarily mortgages) held by the Company and its subsidiaries at the beginning of 1968 was $2,496,304. During the 9 months ended September 30, 1968, such securities having a face value of $451,810. were acquired, and the total of the principal balances held at September 30, 1968, was $2,522,569. (including a mortgage held for sale of $1,800). The mortgages receivable are carried on the balance sheet at their face values, less principal repayments to date and less an allowance of $10,000 for doubtful mortgages. Any purchase discounts are carried as "unamortized discounts on mortgages receivable" and are amortized over the periods of the mortgages.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Company from the sale of the securities offered, after deduction of the commission to the underwriters, and expenses of the issue estimated at $30,000, are $904,375.

The net proceeds are intended by the management of the Company to be advanced in approximately equal proportions to Commodore to expand its mortgage portfolio, and to Warchester to acquire real estate for trading or development. The Company does not intend however to segregate any specific amounts of the proceeds of this issue for any particular purpose. In the first instance the proceeds will be deposited with the Company's bankers and the Company's bank indebtedness accordingly will be eliminated and the balance placed in short term interest bearing deposits. The Company intends however to advance the moneys to its two subsidiaries as it is placed in satisfactory investments, and to raise its bank borrowings at least to their present level again. Accordingly the Company anticipates that its subsidiaries will receive for investment an amount approximately equivalent to the net proceeds of this issue within a relatively short period of time.

GROWTH RECORD

The growth which has taken place from 1963 to 1968 in consolidated earnings and assets is illustrated in the following table.

	Nine months ended September 30		Year ended December 31				
	1968	1967	1967	1966	1965	1964	1963
Income	$ 326,759	$ 293,453	$ 383,833	$ 354,613	$ 276,043	$ 150,110	$ 74,590
Net earnings	68,518	56,593	71,886	61,949	50,577	30,260	20,222
Net earnings per Class A and common share (adjusted to give effect to recent two for one split)	0.34	0.28	0.35	0.30	0.25	0.15	0.14
Assets at end of period:							
Mortgages	2,510,769	2,590,293	2,461,550	2,916,840	2,925,469	1,846,740	1,172,088
Mortgages and real estate acquired for sale and land under development	376,206	429,048	461,210	61,881	—	—	—

The primary policy of the Company is to finance its subsidiaries which are engaged in the field of real estate, including its purchase, sale and development and the lending of money upon its security. The Company is also alert to the possibility of acquiring interests in other companies in allied fields. The Company has no fixed policy as to the percentage of assets which it may invest in the securities of any one company, the percentage of securities of any one company which it may acquire, or with respect to the investment in securities of companies for the purpose of exercising control of management. It is not the Company's present intention however to provide management as a service.

TAX STATUS OF THE COMPANY

The Company and its two wholly-owned subsidiaries pay taxes upon their taxable income in accordance with the Income Tax Act of Canada and virtually all of their income is of a taxable nature.

CUSTODY AND CONTROL OF THE COMPANY'S SECURITIES AND OTHER ASSETS

As the Company is a holding Company, its investment portfolio consists primarily of the shares of its two wholly-owned subsidiaries and shares in County Savings and Loan Corporation. These are not pledged or otherwise encumbered under a Trust Indenture nor are they intended so to be as part of any existing or anticipated scheme of financing. Reference is made, however, to the encumbrance of certain of the subsidiaries' assets noted below. The Company keeps the certificates for the shares in its subsidiaries, in County, and other miscellaneous shares which it owns, in a safety deposit box in a Toronto branch of a Canadian Chartered Bank. Acquisitions of such shares have been infrequent and all such certificates are registered in the Company's name. The Company has in existence fidelity insurance in the amount of $200,000 with respect to "any loss through any dishonest, fraudulent or criminal act of any of the employees, committed anywhere and whether committed alone or in collusion with others, including loss of property through any such act of any of the employees".

The mortgages and similar assets pledged to the Company by its subsidiaries are charged in favour of the Trustee under the Trust Indentures under which its several series of Secured Certificates have been issued. This class of asset is represented by instruments relating to real property. In general, they are registered in the names of the Company's subsidiaries, and may be transferred by an authorized officer or officers under the corporate seals of the respective companies. The title papers relating to such securities (excepting those which may from time to time be held by the Trustee under the Senior Trust Indentures) are held by the Company and its subsidiaries in their principal business office at 133 Richmond Street West, Toronto, Ontario.

SECURITIES OFFERED

Class A Shares

The shares offered are non-cumulative non-voting participating convertible Class A shares without nominal or par value. Although the dividend is non-cumulative, a dividend of 15¢ per share must be paid in a given fiscal year before any dividends can be paid on the common shares in that year, and if such 15¢ dividend is paid on both the Class A and common shares, the shares of both classes participate equally, share for share, in any additional dividends paid in that fiscal year.

Each Class A share is convertible into one common share of the Company, at any time on or after November 1, 1971. The common shares, into which the Class A shares are convertible, carry one vote per share. The Class A shares and common shares participate without preference or distinction in the assets of the Company upon liquidation or distribution, and carry no pre-emptive rights. They contain no provisions for redemption, purchase for cancellation, or surrender. They are not liable to further calls or to assessments by the Company. The only provision attaching to them which deals with the modification, amendment or variation of any rights or provisions relating to them is a provision that authorization for such changes may be given by at least two-thirds of the votes cast at a meeting of the holders of Class A shares duly called for that purpose.

A complete description of the provisions, summarized above, which attach to the Class A shares is set out in the Schedule hereto.

Series C Warrants

The Series C warrants offered will be issued pursuant to the provisions of a Trust Indenture to be entered into between the Company and Montreal Trust Company, as Trustee, supplemental to indentures between the same parties dated October 30, 1964, and January 15, 1966, under which the outstanding Series A and B warrants have been issued. Each Series C warrant will permit the purchase of one Class A share at a price of $4.50 at any time up to and including February 15, 1974 and at $5.00 thereafter up to and including February 15, 1979, subject to provisions intended to protect the holders of such warrants against dilution of their interests arising from subsequent security issues, but not from the effect of the exercise of the rights contained in all presently outstanding options, warrants and convertible securities referred to herein.

DIVIDEND RECORD AND POLICY

Dividends at the annual rate of 30¢ per former Class A share, prior to the two for one split, have been paid in the fiscal years set out below. During this time the only change in capitalization since the Class A shares were created by Supplementary Letters Patent dated October 4, 1964, has been the issuance of 250 additional Class A shares in October, 1968 upon the conversion of Subordinated Convertible Debentures, Series A.

	1968	1967	1966	1965	1964
Total dividends paid	$4,518.75	$ 4,500	$ 4,500	$ 4,500	Nil

The new Class A shares were created by Supplementary Letters Patent dated January 25, 1969. It is the present intention of the management of the Company to maintain a dividend on the new Class A shares at the annual rate of 15¢ per share in each fiscal year so long as the net earnings of the Company in such fiscal year are sufficient to cover the same. The ultimate discretion with respect to the declaration of dividends upon such shares rests with the Board of Directors.

It has been the Company's practice to declare dividends on the Class A shares on a quarterly basis, and a purchaser of shares offered by this prospectus will not receive any quarterly dividend in respect of which the record date falls before the date upon which such purchaser becomes the registered holder of such shares. The directors intend, if the shares hereby offered are issued prior to April 2, 1969, to declare two partial dividends in respect of the first quarter in separate amounts aggregating 3¾¢ per Class A share, in such a manner that only the second of such amounts will be received by the holders of the shares hereby offered and it will bear the same proportion to 3¾¢ that the number of days in the quarter during which such new Class A shares are outstanding bears to the total number of days in the quarter.

TAX STATUS OF PURCHASER OF SHARES

It is likely that any distribution by the Company to Canadian resident individual holders of the securities offered hereby, in the form of dividends or otherwise, would be taxed in the hands of such holders as dividends received from a taxable Canadian Corporation, and accordingly that the presently existing 20% dividend tax credit would be available.

MANAGEMENT OF THE COMPANY

The management of the Company and its subsidiaries includes persons with experience in all phases of real estate, mortgage financing, granting of credit, purchase and development of land, property appraisal and construction.

Mr. David S. Ades, the President, graduated from the University of Manchester, England, as an Engineer and took courses in economics at the same University. Since 1954, he has actively participated in many phases of the real estate and mortgage investment field, and has dealt extensively with real estate agents, mortgage brokers and builders. He is responsible for the overall management of the Company and its subsidiaries. He is a senior officer of both subsidiaries and President of County Savings and Loan Corporation, in which the Company has a substantial interest.

The management also includes persons whose specialized knowledge and skills in the real estate field enable them to generate and process mortgage applications with speed and efficiency and to obtain and evaluate the necessary credit information. Loan applications submitted by Commodore's agents throughout Ontario are therefore effectively and quickly serviced.

Mr. Gerald Rose, the General Manager, is a Vice-President and Assistant Treasurer of both subsidiaries. He is an accredited member of the Society of Real Estate Appraisers and has 13 years' experience in the mortgage, real estate, land development and construction fields. Under the general supervision of Mr. Ades, he is primarily responsible for the day-to-day management of transactions in the real estate and mortgage fields.

Mr. Roger I. Coe, the Assistant Treasurer and Comptroller, is a Chartered Accountant and is in charge of all office and accounting functions. Mr. A. Gary Wallington, the District Manager, is an accredited member of the Society of Real Estate Appraisers, and has 16 years' experience in the mortgage and real estate field.

The Board of Directors includes persons whose backgrounds and business qualifications are complementary to the Company's activities. In particular, certain of the directors are called upon for their experience and knowledge in areas of investment opportunity.

Lending policies, investment decisions and the supervision of their execution are presently governed by the following principles which are subject to change:

The General Manager acting alone may authorize any mortgage investment of up to $25,000, and investments involving up to $50,000 (including encumbrances) in improved residential real estate. The President together with the General Manager may authorize mortgage investments of from $25,000 to $250,000, investments in improved residential real estate of from $50,000 to $250,000, of up to $250,000 in improved non-residential real estate, and of up to $100,000 in unimproved real estate.

Involvement in larger mortgage or real estate investments requires the concurrence of the President and General Manager and, in addition, one of Mr. R. E. Ades, Mr. W. G. Durst or Mr. W. C. Lawrence, Directors of the Company. In certain circumstances one of these Directors may be substituted for either the President or General Manager in cases where the latter two officers normally authorize mortgage or real estate investments.

Collection policies and bad debt allowances are determined by the General Manager, in consultation with the President. Matters relating to the purchase and sale of the Company's investments in other companies and brokerage arrangements relating thereto, are the responsibility of the President.

The approval of the Board of Directors of the Company is not required for the acquisition of investments within the normal course of the business of the Company and its subsidiaries. The Board of Directors of the Company is not comprised of nominees of the persons principally interested in the Company but such persons are in a position to elect the entire Board. Mr. W. C. Lawrence is a Director and Vice-President of County Savings and Loan Corporation, and Mr. A. Gary Wallington is General Manager, Treasurer, and a Director of that Company. Mr. David S. Ades is President of, and Mr. Gerald Rose and he are directors of, Steele-Ken Co. Limited, mentioned on page 5.

OUTLOOK

The activities of the Company's subsidiaries and County now include most facets of the real estate field. It has been the Company's experience that there is an ample demand for mortgage funds by borrowers of good quality and the Company will seek to raise additional moneys on a long term basis in order that the mortgage portfolio of Commodore may be expanded further. At the same time, the Company anticipates that Warchester will be increasingly active in the purchase, development and sale of all types of real estate.

DIRECTORS AND OFFICERS

David Samuel Ades 11 Shady Oaks Cres., Don Mills, Ontario	President and Director	President of the Company and of County Savings and Loan Corporation
Raphael Ezra Ades, 227 Owen Boulevard, Willowdale, Ontario	Chairman of the Board and Director	Retired. Until June 1966, Mr. Ades was President of R. E. Ades Limited, Toronto, merchandise importers and wholesalers.
Jeanne Ades, 227 Owen Boulevard, Willowdale, Ontario	Director	Housewife. Wife of Mr. R. E. Ades.
Stephen Etienne Berger 32 Elderwood Drive, Toronto, Ontario	Director	President and director of several land development companies and director of other companies.
William Graff Durst, 45 Glenborough Park Cres., Willowdale, Ontario	Director	Vice-President of H. Keith Limited, Real Estate Broker
Philip Eisinger Hoffman, 218 North Woods Drive, South Orange, New Jersey	Director	Attorney-at-law. Chairman of the Executive Committee of the U.S. Realty & Investment Co., in Newark, New Jersey and director of several business and real estate corporations.
William Crawford Lawrence, 17 Ridgehill Drive, Brampton, Ontario	Director	Partner in Lawrence, Lawrence, Stevenson & Webber, Solicitors, Brampton, Ontario.

Pierre Genest, Q.C., 67 Chaplin Crescent, Toronto, Ontario	Secretary and Director	Partner in Cassels, Brock, Toronto, Solicitors for the Company.
Gordon Guppy Dickson, 100 Maitland Street, Toronto, Ontario	Director	Partner in Cassels, Brock, Toronto, Solicitors for the Company.
Gerald Rose, 19 Pinemore Cres., Don Mills, Ontario	General Manager and Assistant Secretary	Officer of the Company.
Philip Frederick Rudson, 22 Palomino Cres., Willowdale, Ontario	Treasurer	Partner in Rudson, Goldfarb & Co., Chartered Accountants, Toronto.
Roger Ian Coe, 38 Carluke Cres., Willowdale, Ontario	Assistant Treasurer and Comptroller	Chartered Accountant since November 1965. Prior to joining the Company Mr. Coe was employed by firms of Chartered Accountants in England and Toronto.

After the issuance of the securities hereby offered, and by arrangement with the underwriters, the following persons have agreed to accept election or appointment to the Board of Directors as soon as the necessary legal formalities can be completed, and management of the Company proposes that they become members of the Board accordingly:

Robert Ferguson Chisholm, O.B.E.	79 Highland Crescent, Willowdale, Ontario	Director of companies; Formerly Executive Vice-President, Dominion Stores Limited.
John Coatsworth Stodgell	46 Lawrence Crescent, Toronto, Ontario	President, Walwyn Stodgell & Co. Limited.
John McKenzie McLean	915 Bexhill Road, Port Credit, Ontario	President, Canadian Curtiss-Wright Limited, 1967-1968. President, McLean Bessemer Industries Limited since 1964. Previously Area Manager, International Telephone & Telegraph Corporation.

Mr. Dickson, one of the present Directors, has agreed to resign when the new Directors are able to take their places on the Board.

The aggregate direct remuneration paid or payable by the Company and its two wholly-owned subsidiaries to the directors and senior officers of the Company for the year ended December 31, 1968 was $70,606. The amount of such remuneration for the month of January, 1969 was $7,227.

The services of the President are provided to the Company by David Ades Investments Co. Limited, which has a contract to provide such services, the remuneration to be determined by the directors in each year. The contract may be terminated by either party on 30 days' notice. The amount of the remuneration paid or payable to David Ades Investments Co. Limited in respect of the financial year of the Company ended December 31, 1968 is $27,000. This amount together with additional remuneration paid directly to Mr. Ades and directors fees received by him is included in the sum of $70,606 mentioned above.

STOCK OPTIONS

Stock options which will permit the purchase of 20,000 common shares of the Company at $3.00 per share exercisable on or before September 9, 1971 are held by senior officers of the Company. They were granted on November 18, 1964 and the market value of the common shares under option was not then and is not now reasonably ascertainable. Although it would be open to the Company to grant further stock options, in the discretion of the Board of Directors, the Company has no existing agreement, arrangement or intention to issue any further options. This statement does not apply to the issuance of share purchase warrants which may be issued in connection with future financings.

CAPITALIZATION

	Amount authorized or to be authorized	Outstanding at Sept. 30, 1968	Outstanding at Nov. 30, 1968	Outstanding at Nov. 30, 1968, after giving effect to this financing
Secured Debt (1)				
Loans secured by assignment of mortgages. Interest rates range from 6½ to 9%. Approximately half mature by Sept. 30, 1969.	Limited to amount now outstanding	$ 131,111	$ 122,149	$ 122,149
Secured Certificates Series 1. Interest rates range from 7 to 9%. Most mature within a year after Oct. 1, 1972	Limited to amount now outstanding	30,296	27,796	27,796
6¾% Secured Certificates Series 2 maturing Sept. 23, 1974.	$ 500,000	500,000	500,000	500,000
Secured Certificates Series 3 issued to the Company's bankers to secure loans. Payable upon demand.	No limit	410,000(2)	255,000(3)	255,000(3)
Secured Certificates Series 4. Short and medium term Certificates with maturities of up to 5 years from date of issue.	No limit	Nil	Nil	Nil
7% Secured Certificates Series 5 (4)	537,194	537,194	537,194	537,194
Unsecured Debt (5)				
6¾% Subordinated Convertible Debentures Series A maturing Dec. 1, 1974	500,000	500,000	498,000	498,000
8% Subordinated Convertible Debentures Series B maturing Oct. 22, 1978	100,000		100,000	100,000
Share Capital (6)				
Non-cumulative Non-voting Participating Convertible Class A shares without par value	1,000,000	30,000 ($ 90,000)	30,500 ($ 92,000)	280,500 ($1,092,000)
Common Shares	360,000	174,400 ($ 333,600)	174,400 ($ 333,600)	174,400 ($ 333,600)

(1) The Secured Certificates have been issued under Trust Indentures which create specific security upon certain assets described therein, comprising chiefly mortgages upon real property, which are pledged to the Trustee under the Indentures. The principal senior Trust Indenture also contains a floating charge upon certain property of the Company. The Secured Certificates of all series are equal in priority of payment. The loans secured by mortgage of mortgage are direct debt of Warchester.

(2) Amount secured by Secured Certificates, Series 3 in the face amount of $505,000.

(3) Amount secured by Secured Certificates, Series 3 in the face amount of $390,000.

(4) Payable in U.S. funds — $500,000. The 7% Secured Certificates, Series 5 are subject to a Sinking Fund whereby $38,333 U.S. in principal amount must be redeemed on February 1 in each of the years from 1969 to 1980 inclusive and the remaining principal amount is due on January 31, 1981. The Series 5 Certificates may at the option of their present holder become due 90 days after demand, subject to certain preliminary steps, if David S. Ades should cease to be a director and principal executive officer of the Company, unless a replacement satisfactory to such holder is designated.

NOTE: See "Material Contracts", page 16, for a description of 8% Sinking Fund Secured Certificates, Series 6, proposed to be issued.

(5) The Subordinated Convertible Debentures are issued under Trust Indentures by which they are subordinated in priority of payment to the Secured Certificates.

(6) CONVERSION RIGHTS, WARRANTS AND OPTIONS:

Subordinated Convertible Debentures

The 6¾% Series A debentures are convertible into Class A shares at the rate of one share for each $4.00 in principal amount of debenture up to December 1, 1969 and into one Class A share per $5.00 in principal amount of debenture thereafter up to November 27, 1974.

The 8% Series B debentures are convertible on the basis of one Class A share per $4.50 in principal amount of debenture up to October 21, 1973 and thereafter into one such share per $5.00 in principal amount of debenture up to October 18, 1978. After giving effect to this financing the conversion rate for the periods aforesaid will be $4.22 and $4.72 respectively.

Share Purchase Warrants

Series A warrants are outstanding for the purchase of 30,000 Class A shares at $4.00 per Class A share up to October 31, 1969 and thereafter at $5.00 per Class A share up to October 31, 1974.

Series B warrants are outstanding for the purchase of 50,000 Class A shares at $4.00 per share up to February 1, 1970 and thereafter at $5.00 per share up to February 1, 1976.

Reference is made to the Series C warrants forming part of the units hereby offered and to a proposed future financing described under "Material Contracts" which involves the issue of further series of share purchase warrants.

The Indentures governing the issue of the above-mentioned Share Purchase Warrants and Subordinated Convertible Debentures contain provisions intended to protect the holders thereof against dilution of their interest by reason of the issuance of shares upon the exercise or conversion of securities issued pursuant to such Indentures, and by reason of the issuance of shares, options, warrants or convertible obligations or securities pursuant to further Indentures or otherwise, all of which said provisions may reduce the stated exercise and conversion prices respectively and increase the number of Class A shares thereby obtainable. The right of the Company to issue securities which may immediately or upon the exercise of rights contained therein reduce the exercise and conversion prices of the securities now outstanding is not restricted.

Stock options are outstanding which will permit the purchase of 20,000 common shares of the Company at $3.00 per share, exercisable on or before September 9, 1971.

RESULT OF EXERCISE OF OPTIONS, WARRANTS, AND CONVERSION RIGHTS

The following table illustrates what the result would be if, immediately after the issuance of the Class A shares, all options, warrants and conversion rights in relation to the capital securities of the Company including the Series C warrants were exercised:

	Number of additional Class A or Common Shares	Addition to Net Worth	
		Cash	Reduction of Debt
Management options	20,000	$ 60,000	
Series A debentures	124,500		$498,000
Series B debentures	23,696		100,000
Series A warrants	30,000	120,000	
Series B warrants	50,000	200,000	
Series C warrants	155,000	697,500	
Total	403,196	1,077,500	$ 598,000
Current offering of Class A shares and Series C warrants	250,000	904,375	
Series C warrants retained by underwriters		1,500	
Total additional number of shares	653,196	1,983,375	
Add reduction of debt		598,000	
Total addition to Net Worth		$2,581,375	

NET ASSETS PER SHARE—September 30, 1968 (adjusted for the two for one split of Class A and common shares).

Prior to this issue and to the exercise of all options, warrants and conversion rights.

Assets per financial statements		$ 3,202,857	
Less intangible assets		71,682	$ 3,131,175
Liabilities per financial statements			
Current		602,516	
Unamortized Discount		207,865	
Deferred income taxes		90,026	
Long Term debt		1,593,422	2,493,829
Net assets			$ 637,346
Number of Shares			
Class A	30,000		
Common	174,400		
	204,400		
Net Assets per share		$3.12	

Adjusted to give effect to this issue and to the exercise of all options, warrants and conversion rights.

Net assets as above		$ 637,346
Cash contribution to Net Worth—page 12		1,983,375
Reduction of debt—page 12		598,000
Series A debentures converted subsequent to September 30, 1968		2,000
Net Assets as adjusted		$ 3,220,721
Number of shares issued as above	204,400	
Additional Class A and Common shares—page 12	653,196	
Class A shares issued on conversion of Series A debentures subsequent to September 30, 1968	500	
	858,096	
Net Assets per share	$3.75	

EARNINGS PER SHARE for the 9 months ended September 30, 1968 (adjusted for the two for one split of Class A and Common Shares).

Prior to this issue and to the exercise of all options, warrants and conversion rights.

Net earnings for the period per consolidated statement of earnings		$ 68,518	
Class A shares	30,000		
Common shares	174,400		
	204,400		
Net earnings per share (Class A and common)			$ 0.34 (9 months)
Adjusted to give effect to this issue and exercise of all options, warrants and conversion rights (Note).			
Class A shares	663,696		
Common shares	194,400		
	858,096		
Net earnings per share (Class A and common) (Note)			$ 0.18 (9 months)

Note: Appropriate adjustments have been made to income for elimination of interest on subordinated convertible debentures (less related income taxes) and for imputed earnings (using the Company's present bank borrowing rate of 8%) on proceeds from the shares hereby offered and from the exercise of all options and warrants (less related income taxes).

EARNINGS AVAILABLE FOR DIVIDENDS ON CLASS A SHARES

	Nine months ended September 30, 1968		Year ended December 31, 1967
	Subsequent to issue (Note)	Prior to issue	
Net earnings for the period	$ 102,282	$ 68,518	$ 71,886
Dividends on Class A Shares	$ 31,556	$ 3,375	$ 4,500
Ratio of available earnings to dividends on Class A shares	3.24	20.30	15.97

Note: Net earnings have been adjusted to include imputed earnings (using the Company's present bank borrowing rate of 8%) upon the net proceeds of this issue (less related income taxes).

EARNINGS AVAILABLE FOR INTEREST ON SECURED AND UNSECURED DEBT AND DIVIDENDS ON CLASS A SHARES

	Nine months ended September 30, 1968		Year ended December 31, 1967
	Subsequent to issue (Note)	Prior to issue	
Net earnings for the period	$ 102,282	$ 68,518	$ 71,886
Interest on secured and unsecured debt	113,303	113,303	155,144
	$ 215,585	$ 181,821	$ 227,030
Interest on secured and unsecured debt and dividends on Class A shares	$ 144,758	$ 116,678	$ 159,644
Ratio of available earnings to interest on secured and unsecured debt and dividends on Class A shares	1.49	1.56	1.42

Note: Net earnings have been adjusted to include imputed earnings (using the Company's present bank borrowing rate of 8%) upon the net proceeds of this issue (less related income taxes).

ASSET COVERAGE

Based on the audited consolidated balance sheet of the Company and its wholly-owned subsidiaries as of September 30, 1968, with the pro forma adjustments noted below.

Assets available to cover secured and unsecured debt		
Total assets as of September 30, 1968		$ 3,202,857
Deduct:		
Intangible assets	71,682	
Liabilities (other than secured and unsecured debt), deferred income taxes and unamortized discounts on mortgages receivable	385,228	456,910
		2,745,947
Add pro forma increase in assets:		
Proceeds from 8% Subordinated Convertible Debentures, Series B, issued in October 1968	100,000	
Proceeds from the current issue of Class A shares and warrants	905,875	1,005,875
Assets available to cover secured and unsecured debt		$ 3,751,822
Secured and unsecured debt		
Balance as of September 30, 1968	2,108,601	
Issue of 8% Subordinated Convertible Debentures, Series B in October, 1968	100,000	
	2,208,601	
Deduct face value of 6¾% Subordinated Debentures Series A converted in October 1968 into Class A shares	2,000	
Total secured and unsecured debt		$ 2,206,601
Ratio of assets available to cover secured and unsecured debt to total secured and unsecured debt		1.70
Assets available for Class A and common shares		$ 1,545,221
Total Class A and common shares outstanding after the current issue of Class A shares and after the conversion of 6¾% Subordinated Convertible Debentures Series A with a face value of $2,000		454,900
Assets per Class A and common share		$ 3.40

CURRENT POSITION AS AT SEPTEMBER 30, 1968 (1)

Assets realizable within one year	Prior to issue	Subsequent to issue (2)
Funds held for investment in mortgages and real estate		$ 1,005,875
Mortgages receivable (3)	$ 161,095	161,095
Mortgages acquired for sale	1,800	1,800
Real estate acquired for sale	311,268	311,268
Land under development	63,138	63,138
Accrued mortgage interest receivable	16,982	16,982
Account receivable from affiliated company—County Savings and Loan Corporation	13,639	13,639
Sundry accounts receivable and prepaid expenses	78,526	78,526
Total	$ 646,448	$ 1,652,323
Liabilities due within one year		
Bank overdraft	$ 18,331	$ 18,331
Bank loan	410,000	410,000
Accounts payable and accrued charges	41,810	41,810
Income taxes payable	27,196	27,196
Long term debt	105,179	105,179
Total	$ 602,516	$ 602,516

(1) The Company had available at September 30, 1968, an unutilized line of bank credit to the extent of $65,000.
(2) Subsequent to the issue of Class A shares and Series C warrants and the 8% Subordinated Debentures, Series B, issued in October, 1968.
(3) Includes the entire principal amounts of mortgages maturing within one year, but not the principal payments scheduled to be made within one year on mortgages not maturing within that time, nor voluntary prepayments. It has been the Company's experience that substantial voluntary prepayments have been made. In the year ended December 31, 1968 such voluntary prepayments amounted to $302,840.

Re: Credit losses: Reference is made to the fourth paragraph under "Characteristics of Mortgages and Similar Investments" on page 5.

MATURITY OF SECURED AND UNSECURED DEBT FROM SEPTEMBER 30, 1968 (1)

	Within 1 Year	From 1 to 2 Years	From 2 to 3 Years	From 3 to 5 Years	From 5 to 10 Years	Over 10 Years
Loans	$ 59,654	$ 9,697	$ 8,699	$ 53,061		
Secured Certificates Series 1..	4,125			24,066	$ 2,105	
Secured Certificates Series 2..					500,000	
Bank Loan secured by Series 3 Certificates	410,000					
Secured Certificates Series 5..	41,400	41,400	41,400	82,800	207,000	$ 123,194
Subordinated Debentures Series A					500,000	
Subordinated Debentures Series B (issued October, 1968)						100,000
	$ 515,179	$ 51,097	$ 50,099	$ 159,927	$ 1,209,105	$ 223,194

(1) See page 16 for details of Secured Certificates, Series 6, to be issued in 1969.

PRINCIPAL HOLDERS OF THE COMPANY'S COMMON SHARES AND RELATIONSHIPS WITH OTHER PERSONS AND COMPANIES

As of January 31, 1969

Name and Address	Type of Ownership	Number of existing Common Shares Owned	Percentage of Class
David S. Ades, 11 Shady Oaks Crescent, Don Mills, Ont.	Direct and beneficial	57,972	41.3%
	Owned by David Ades Investments Co. Limited, which is in turn directly and beneficially owned by David S. Ades	14,000	
R. E. Ades, 227 Owen Blvd., Willowdale, Ontario	Direct and beneficial	2	22.2%
	Beneficially owned but registered in the name of Laidlaw & Co.	38,698	
Jeanne Ades, 227 Owen Blvd., Willowdale, Ontario	Direct and beneficial	2	13.6%
	Beneficially owned but registered in the name of Laidlaw & Co.	23,698	
Victoria and Grey Trust Company, Lindsay, Ontario	Direct and beneficial	34,000	19.5%

Mr. David S. Ades has options to purchase 16,000 of the common shares stated to be subject to options on page 10. The Company has entered into the management contract with David Ades Investments Co. Limited referred to on the same page.

None of the persons or companies named above intends to make loans to the Company. The Company does not operate as an adjunct to the primary business of any other such Company or person.

All directors and senior officers of the Company, as a group, beneficially own directly or indirectly 78.32% of the 174,400 existing common shares of the Company.

County Savings and Loan Corporation

The principal holders of the $5.00 par value shares of County Savings and Loan Corporation are as follows:

Name and Address	Type of Ownership	Number of Shares Owned	Percentage of Class
Realty Capital Corp. Limited, 133 Richmond Street West, Toronto, Ont.	Direct and beneficial	35,915*	30.9%
Zodiac Ltd., 360 St. Joseph St., Montreal, Quebec	Direct and beneficial	12,000*	10.4%

*The Company has agreed to purchase from Zodiac Ltd., the remaining 12,000 shares owned by it in County Savings and Loan Corporation on January 31, 1970. The Company also owns 29,000 out of a total of 116,100 outstanding warrants for the purchase of $5.00 par value shares of County Savings and Loan Corporation, each of which permits the purchase of one County share at a price of $5.00 up to December 31, 1969. The Company has agreed to purchase the remaining 12,000 warrants held by Zodiac Ltd., in conjunction with the acquisition of the shares. The price payable by the Company for the foregoing is $3.50 per share (with one warrant).

All directors and senior officers of the Company, as a group, beneficially own directly or indirectly 6.55% of the 116,100 outstanding $5.00 par value shares of County Savings and Loan Corporation.

The directors and senior officers of County Savings and Loan Corporation, as a group, own directly or indirectly 41.84% of the common shares of the Company.

In April, 1966, Mr. David S. Ades sold to the Company 500 $10.00 par value shares, as then constituted, of County Savings and Loan Corporation at a price of $9.00 per share. These shares have subsequently been split two for one.

PRIOR SALES OF CLASS A SHARES AND SERIES C WARRANTS

No Class A shares have been sold by the Company within the 12 months prior to the date hereof. The Series C warrants will be newly created and none have previously been sold.

AUDITORS AND TRANSFER AGENTS

The auditors of the Company are Messrs. Clarkson, Gordon & Co., 15 Wellington Street West, Toronto 1.

The Transfer Agent and Registrar of the Company's common shares and of the Secured Certificates of all series is Guaranty Trust Company of Canada, in Toronto, and the Transfer Agent and Registrar of the Company's non-voting Class A shares and Subordinated Debentures of all series is Montreal Trust Company in Toronto. The registers of transfers of all classes of shares of the Company and its subsidiaries are located in the City of Toronto.

MATERIAL CONTRACTS

Except for contracts mentioned in detail elsewhere in this prospectus, the only contracts entered into by the Company or its subsidiaries within the two years prior to the date hereof which can reasonably be regarded as material to the purchasers of the securities offered by this prospectus are the following:

The securities offered by this prospectus will be issued to Annett Partners Limited and Walwyn, Stodgell & Co. Limited, as underwriters, pursuant to an agreement dated February 14, 1969, whereby the Company agrees to sell, and the underwriters agree to purchase, subject to the terms and conditions stated therein, the 250,000 Class A Shares at a price of $4.00 per share and 155,000 Series C warrants at a price of 5¢ per warrant, for an aggregate consideration of $1,007,750 payable in cash to the Company against delivery of such shares and warrants. In consideration of their subscribing for the shares and warrants the underwriters will be paid a commission of $71,875. The underwriters are obligated under the agreement to take up and pay for all of the shares and warrants if any of the said shares or warrants are purchased and accordingly no less than the full 250,000 shares and 155,000 Series C warrants (including the warrants to be purchased by the underwriters for their own account) will be issued by the Company.

By letter dated May 24th 1968, from Northwestern National Life Insurance Company ("Northwestern") to the Company, followed by the Company's reply dated June 14th, 1968, which was subsequently confirmed in writing

by Northwestern, Northwestern agreed to purchase from the Company $500,000 (U.S.) in principal amount of 15 year Sinking Fund 8% Secured Certificates, Series 6, pursuant to an indenture supplemental to the existing indentures governing the issuance of Secured Certificates. The primary security for the new loan will be the pledge by the Company of Secured Obligations as defined in a Trust Indenture dated September 1, 1964, between the Company and Guaranty Trust Company of Canada, Trustee, in favour of the said Trustee to the extent of at least 125% of the principal amount of the certificates. In conjunction with this issue, there are to be issued to Northwestern Series D warrants permitting the purchase of 40,000 Class A shares at a price of $4.00 each up to February 1, 1976, and Series E warrants which will permit the purchase of 60,000 of such shares at a price of $4.00 per share up to 15 years from the date of closing. The Series D warrants will be issued in conjunction with the surrender by Northwestern of Series B share purchase warrants now held by it which would otherwise permit the purchase of 40,000 Class A shares. The indenture governing the issue of Series D and E warrants will contain provisions intended to protect the holders of the warrants against dilution of their interests and such provisions may operate to reduce the exercise prices. The date of the purchase of the Secured Certificates, Series 6 is to be at any time up to June 30, 1969, at Northwestern's option. The Company has agreed with the underwriters that upon the completion of this transaction they may without expense to themselves exchange Series B warrants now held by them permitting the purchase of up to 10,000 Class A shares for Series D warrants for the purchase of the same number of shares.

Pursuant to a Trust Indenture between the Company and Montreal Trust Company, Trustee, dated October 22, 1968, the Company issued to Aetna Realty Company of Canada Ltd., the 8% Subordinated Convertible Debenture, Series B, maturing October 22, 1978 in the principal amount of $100,000 mentioned under the heading "Capitalization" on page 11.

Copies of the above mentioned trust indenture and agreements may be inspected during normal business hours at the head office of the Company, 133 Richmond Street West, Toronto.

REALTY CAPITAL CORP. LIMITED
(formerly C-I Credit Corp. Limited — note 1)
(Incorporated under the laws of Ontario)
and its wholly-owned subsidiary companies

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 1968

ASSETS

	Balance sheet	Pro forma balance sheet (note 1)
Mortgages, real estate and other working assets:		
Funds held for investment in mortgages and real estate		$ 1,005,875
Mortgages receivable (note 2)	$ 2,510,769	2,510,769
Real estate and a mortgage acquired for sale (note 3)	313,068	313,068
Land under development (note 4)	63,138	63,138
Accrued mortgage interest receivable	16,982	16,982
Account receivable from affiliated company — County Savings and Loan Corporation	13,639	13,639
Sundry accounts receivable and prepaid expenses	86,826	86,826
	3,004,422	4,010,297
Investment in shares of County Savings and Loan Corporation, at cost (note 5)	117,375	117,375
Equipment and leasehold improvements, at cost less accumulated depreciation and amortization of $8,528	9,378	9,378
Unamortized financing expenses	71,682	71,682
	$ 3,202,857	$ 4,208,732

LIABILITIES

Current liabilities:		
Bank overdraft	$ 18,331	$ 18,331
Bank loan — secured (note 7)	410,000	410,000
Accounts payable and accrued charges	41,810	41,810
Income taxes payable	27,196	27,196
Current portion of long term debt (note 8)	105,179	105,179
	602,516	602,516
Unamortized discounts on mortgages receivable (note 2)	207,865	207,865
Deferred income taxes (note 6)	90,026	90,026
Long term debt (note 8)	1,593,422	1,691,422
Shareholders' equity:		
Capital (note 9) —		
Class A shares	90,000	1,092,000
Common shares	333,600	333,600
Contributed surplus	250	8,000
Retained earnings	285,178	183,303
	709,028	1,616,903
	$ 3,202,857	$ 4,208,732

On behalf of the Board:

D. S. ADES, Director. G. G. DICKSON, Director.

(See accompanying notes)

REALTY CAPITAL CORP. LIMITED

(formerly C-I Credit Corp. Limited — note 1)
and its wholly-owned subsidiary companies

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

	Nine months ended September 30		Years ended December 31				
	1968	1967	1967	1966	1965	1964	1963
		(unaudited)					
EARNINGS							
Income:							
Income on mortgages (note 2)	$ 228,602	$ 257,922	$ 336,365	$ 339,976	$ 276,043	$ 150,110	$ 74,590
Mortgage and real estate sales	1,202,302	655,599	967,349	458,658	—	—	—
Less cost of sales	1,104,145	620,068	919,881	444,021	—	—	—
	98,157	35,531	47,468	14,637	—	—	—
Total income	326,759	293,453	383,833	354,613	276,043	150,110	74,590
Expenses:							
Interest on —							
Bank and other short term loans	23,195	23,792	32,220	45,160	43,513	29,890	9,393
Long term debt	90,108	92,737	122,924	121,628	84,835	35,578	21,054
	113,303	116,529	155,144	166,788	128,348	65,468	30,447
Administrative and general expenses	81,068	64,319	85,902	66,154	53,280	39,606	16,344
Amortization of financing expenses	6,628	7,939	10,585	10,392	7,787	2,726	1,745
Depreciation and amortization	2,162	2,623	3,560	2,627	1,767	1,435	144
Total expenses	203,161	191,410	255,191	245,961	191,182	109,235	48,680
Earnings before income taxes	123,598	102,043	128,642	108,652	84,861	40,875	25,910
Income taxes:							
Current	50,080	39,980	49,463	11,930	1,587	1,957	4,083
Deferred (note 6)	5,000	5,470	7,293	34,773	32,697	8,658	1,605
	55,080	45,450	56,756	46,703	34,284	10,615	5,688
Net earnings for the period	$ 68,518	$ 56,593	$ 71,886	$ 61,949	$ 50,577	$ 30,260	$ 20,222
RETAINED EARNINGS							
Balance, beginning of period	$ 220,035	$ 152,649	$ 152,649	$ 95,200	$ 49,123	$ 29,020	$ 8,798
Net earnings for the period	68,518	56,593	71,886	61,949	50,577	30,260	20,222
	288,553	209,242	224,535	157,149	99,700	59,280	29,020
Dividends paid on Class A shares	3,375	3,375	4,500	4,500	4,500	—	—
Share issue expenses (less applicable income taxes)	—	—	—	—	—	10,157	—
Balance, end of period	$ 285,178	$ 205,867	$ 220,035	$ 152,649	$ 95,200	$ 49,123	$ 29,020

(See accompanying notes)

NOTES TO THE FINANCIAL STATEMENTS

September 30, 1968

1. PRO FORMA BALANCE SHEET:

The pro forma balance sheet gives effect to the following:

(a) The conversion subsequent to September 30, 1968 of $2,000 principal amount of 6¾% Subordinated Convertible Debentures, Series A into 250 Class A shares.

(b) The issue of supplementary letters patent dated January 25, 1969, authorizing:

(i) the subdivision of the authorized and issued capital as follows: 200,000 authorized Class A shares (of which 15,250 issued) into 400,000 Class A shares (of which 30,500 issued); 180,000 Common shares (of which 87,200 issued) into 360,000 Common shares (of which 174,400 issued);

(ii) the creation of a further 600,000 Class A shares; and

(iii) the changing of the name of the Company from C-I Credit Corp. Limited to Realty Capital Corp. Limited.

(c) The issue and sale to underwriters pursuant to an underwriting agreement dated February 14, 1969, of 250,000 Class A shares at $4 per share and 155,000 Series C warrants at 5¢ per warrant for a total cash consideration of $1,007,750 (to be offered by the underwriters in units of 2 shares and 1 warrant, with 30,000 warrants to be retained by the underwriters). Each Series C warrant will entitle the holder to purchase 1 Class A share of the Company on or before February 15, 1974 at a price of $4.50 and thereafter and on or before February 15, 1979 at a price of $5.00.

(d) The payment of underwriters' commission of $71,875 and of estimated expenses of issue of $30,000 and the charge of the total amount thereof of $101,875 to consolidated retained earnings.

(e) The issue subsequent to September 30, 1968 of $100,000 principal amount of 8% Subordinated Convertible Debentures Series B maturing October 22, 1978.

2. MORTGAGES RECEIVABLE:
The mortgages receivable are carried on the balance sheet at their face values, less principal repayments to date and less an allowance of $10,000 for doubtful mortgages. Any purchase discounts are carried as "Unamortized discounts on mortgages receivable" and are amortized over the periods of the mortgages.

3. REAL ESTATE AND A MORTGAGE ACQUIRED FOR SALE:
The real estate and a mortgage ($1,800) acquired for sale are valued at the lower of cost or estimated realizable value.

4. LAND UNDER DEVELOPMENT:
Land under development represents land which has been sold under a contract calling for delivery of and payment for developed lots upon receipt of the required permits for the construction of buildings thereon. The profit on this contract is being recorded on the percentage of development completion method.

5. INVESTMENT IN AFFILIATED COMPANY:
The investment in County Savings and Loan Corporation represents 20.62% of the issued shares of that company; no quoted market value is available for these shares as at September 30, 1968.
Subsequent to September 30, 1968 the Company acquired an additional 12,000 shares (10.34%) of County Savings for a total consideration of $42,000. In addition, the Company has entered into an agreement to purchase a further 12,000 shares on January 31, 1970 at a cost of $42,000.

6. INCOME TAXES AND DEFERRED INCOME TAXES:
For income tax purposes the Companies are permitted to record bonus income and claim financing expenses and allowances for doubtful mortgages on a basis different from that used to record such items in the accounts. The tax reductions resulting from the differences in recording of such items are not reflected in income but are credited to "Deferred income taxes" to be brought into income in subsequent years when the net amounts from these sources reported for tax purposes will be more than the amounts recorded in the accounts.
The income tax returns of the Company and its two wholly-owned subsidiaries have been accepted as filed since the Company's incorporation, but remain subject to review from 1963. The amounts provided for income taxes payable are deemed to be adequate.

7. BANK LOAN:
The Secured Certificates, Series 3 may be issued in unlimited principal amounts at varying interest rates and maturity dates to secure bank loans. The principal amount outstanding at September 30, 1968 was $505,000. See note 8(b) for details of the trust indenture securing this series.

8. LONG TERM DEBT:
Details of the Companies' long term debt as at September 30, 1968 are as follows:

REALTY CAPITAL CORP. LIMITED	
Secured Certificates —	
7% - 9% Series 1, due in various amounts to September 30, 1974 (a)	$ 30,296
6¾% Series 2, due September 23, 1974 (b) and (c)	500,000
7% Series 5, $500,000 (U.S.) principal amount, due January 31, 1981, payable $38,333 (U.S.) annually commencing February 1, 1969 (b), (c) and (d)	537,194
6¾% Subordinated Convertible Debentures Series A, due December 1, 1974 (e)	500,000
WARCHESTER INVESTMENTS LIMITED	
6½% - 9% loans payable secured by mortgages (f)	131,111
	1,698,601
Deduct long term debt maturing within one year — shown as a current liability	105,179
	$ 1,593,422

(a) The trust indenture securing the Secured Certificates, Series 1 requires the Company to, among other things, maintain with the Trustee mortgages in an amount at least 20% in excess of the certificates outstanding. Under the terms of the trust indenture referred to in (b) below, no further Series 1 certificates may be issued.

(b) The trust indentures securing Secured Certificates, Series 2, 3 and 5 require, among other things, that the Company will maintain on deposit with the Trustee acceptable collateral (as defined) of a total value of at least 125% of the aggregate principal amount of all outstanding Secured Certificates issued thereunder. The indentures also contain restrictions as to the total amount of secured and subordinated debt that the Company may issue from time to time.

(c) The Secured Certificates, Series 2 were issued with Series A warrants enabling the holders to purchase a total of 30,000 Class A shares at $4 per share up to October 31, 1969 and $5 per share thereafter up to October 31, 1974 and the Secured Certificates, Series 5 were issued with Series B warrants enabling the holders to purchase a total of 40,000 Class A shares at $4 per share up to February 1, 1970 and at $5 per share thereafter up to February 1, 1976. See note 10 for the surrender of these warrants and of 10,000 of the same series held by the underwriters in exchange for Series D warrants to purchase an equivalent number of shares, which will become effective on the issue of a further series of Secured Certificates in 1969. (Numbers of Class A shares and the per share price to be paid therefor are stated in terms of the subdivided shares existing after the issue of the supplementary letters patent referred to in note 1).

(d) Long term debt sold in United States funds and the portion maturing within one year have been translated at the exchange rate prevailing at the date of issue of the debt.

(e) The Subordinated Debentures, Series A are convertible into Class A shares at the rate of 1 Class A share for every $4 in principal amount of debenture up to December 1, 1969, and 1 Class A share for every $5 in principal amount thereafter up to November 27, 1974. (Numbers of Class A shares are stated in terms of the subdivided shares existing after the issue of the supplementary letters patent referred to in note 1).

(f) The loans payable by Warchester Investments Limited include loans of $59,654 which mature prior to September 30, 1969.

9. SHARE CAPITAL:

(a) The authorized and issued share capital of the Company is as follows:

Balance sheet:

Authorized —

200,000 non-cumulative non-voting participating convertible Class A shares without par value

180,000 common shares, without par value

Issued —

15,000	Class A shares	$ 90,000
87,200	common shares	$ 333,600

Pro forma balance sheet:

Authorized —

1,000,000 non-cumulative non-voting participating convertible Class A shares without par value

360,000 common shares, without par value

Issued —

280,500	Class A shares	$ 1,092,000
174,400	common shares	$ 333,600

Each Class A share is convertible at the option of the holder into one fully paid common share at any time on or after November 1, 1971.

(b) Share reservations and options. (The numbers of shares and the per share prices quoted below are stated in terms of the subdivided shares existing after the issue of the supplementary letters patent referred to in note 1.)

(i) At September 30, 1968, in addition to the warrants outstanding in the hands of the holders of long term debt as indicated in note 8 above, there were Series B warrants outstanding for the purchase of 10,000 Class A shares at $4 per share up to February 1, 1970 and at $5 per share thereafter up to February 1, 1976.

(ii) At September 30, 1968 employee options were outstanding with respect to 20,000 common shares at $3 per share exercisable on or before September 9, 1971.

(iii) At September 30, 1968 the Company's authorized but unissued share capital was reserved to the following extent:

Class A shares —

For issue under share purchase warrants presently outstanding	
— Series A	30,000 shares
— Series B (See note 10 below)	50,000 shares
For issue under conversion privileges attached to the 6¾% Subordinated Debentures	125,000 shares
For issue under share purchase warrants to be issued in 1969 with the $500,000 (U.S.) Secured Certificate referred to in note 10 (excluding those to be given in exchange for Series B)	60,000 shares
	265,000 shares

Common shares —

For issue under options held by employees	20,000 shares

(iv) In connection with the issue and sale of shares and warrants to an underwriter referred to in note 1(c) a further 405,000 Class A shares will be reserved as follows

— shares to be issued	250,000 shares
— for issue under Series C share purchase warrants	155,000 shares
	405,000 shares

10. COMMITMENTS:

Prior to September 30, 1968 the Company entered into an agreement with a United States insurance company for the issue of a $500,000 (U.S.) 8% Secured Certificate under the terms of the trust indenture for the Secured Certificates referred to in note 8(b) above. The purchase of the note will be consummated at the discretion of the insurance company no later than June 30, 1969.

In consideration of the purchase of the Secured Certificate the insurance company will also receive Series E warrants to purchase 60,000 Class A shares at $4 per share exercisable for a period of 15 years from the date of the purchase of the Secured Certificate, and the present Series B warrants held by the insurance company and underwriters will be exchanged for new Series D warrants entitling the holders to purchase 50,000 Class A shares at $4.00 per share up to February 1, 1976.

AUDITORS' REPORT

To the Directors of Realty Capital Corp. Limited:
(formerly C-I Credit Corp. Limited)

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Realty Capital Corp. Limited and its wholly-owned subsidiaries as at September 30, 1968 and the consolidated statements of earnings and retained earnings for the five years ended December 31, 1967 and for the nine months ended September 30, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the financial position of the Companies as at September 30, 1968;

(b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the Companies as at September 30, 1968 after giving effect to the changes set forth in note 1;

(c) The accompanying consolidated statements of earnings and retained earnings present fairly the results of operations of the Companies for the five years ended December 31, 1967 and for the nine months ended September 30, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada,
March 3, 1969.

CLARKSON, GORDON & Co.
Chartered Accountants.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The Securities Act, 1966 (Ontario) and The Securities Act (1968) Manitoba provide, in effect, that where a security is offered to the public in the course of primary distribution:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus and any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to Sections 63 and 64 of each of The Securities Act, 1966 (Ontario), and The Securities Act, 1968 (Manitoba) for the complete text of the provisions under which the foregoing rights are conferred.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario), by Part VII of The Securities Act, 1968 (Manitoba), under the Securities Act (Quebec) and the respective regulations thereunder.

Dated: March 3, 1969.

Chief Executive Officer	Chief Financial Officer
(signed) D. S. ADES	(signed) R. I. COE
President	Assistant Treasurer and Comptroller

ON BEHALF OF THE BOARD

(signed) PIERRE GENEST	(signed) G. G. DICKSON
Director	Director

CERTIFICATES OF THE UNDERWRITERS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario), by Part VII of The Securities Act, 1968 (Manitoba) and under the Securities Act (Quebec) and the respective regulations thereunder.

WALWYN, STODGELL & CO. LIMITED	ANNETT PARTNERS LIMITED
By: J. P. WALWYN	By: C. G. KING

The following includes the names of all persons having an interest either directly or indirectly to the extent of not less than 5% in the capital of:

WALWYN, STODGELL & CO. LIMITED: J. P. Walwyn, S. J. Stodgell, J. C. Stodgell, B. Collombin and R. R. Sale.

ANNETT PARTNERS LIMITED: D. R. Annett, T. R. Bradbury, C. G. King, C. T. Bastedo, B. Attenborough, A. Waxer and P. Waxer.

SCHEDULE

(i) The holders of the Class A shares shall be entitled to receive in each fiscal year of the Company as and when declared by the Board of Directors of the Company non-cumulative preferential cash dividends at the rate of fifteen cents (15¢) per share per annum (which dividends may but need not be declared and paid in quarterly instalments) and no dividend shall be declared or paid or set aside for payment on the common shares in any fiscal year unless or until the dividend of or dividends aggregating fifteen cents (15¢) per share for such year shall have been paid on the Class A shares at the time outstanding or shall have been declared and the payment thereof authorized; the Board of Directors of the Company shall be entitled from time to time to declare part of the said dividend of fifteen cents (15¢) per share in any fiscal year notwithstanding that such dividend for such fiscal year shall not be declared in full; if in any fiscal year of the Company the Board of Directors of the Company in its discretion shall not declare the said dividend of fifteen cents (15¢) per share or any part thereof on the Class A shares, then the rights of the holders of the Class A shares to such dividend or any greater dividend than the dividend actually declared for such fiscal year shall be forever extinguished; whenever in any fiscal year of the Company a dividend of fifteen cents (15¢) per share shall have been paid or declared and set aside for payment on all the Class A shares at the time outstanding and whenever in such fiscal year a dividend of fifteen cents (15¢) per share shall have been paid or declared and set aside for payment on all the common shares at the time outstanding, any and all further dividends declared in such year shall be declared and paid in equal amounts per share on all the Class A shares and common shares at the time outstanding without preference or distinction.

(ii) In the event of the liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among shareholders for the purpose of winding up its affairs, all the property and assets of the Company available for distribution to the holders of the Class A shares and common shares shall be paid or distributed equally share for share to the holders of the Class A shares and common shares without preference or distinction.

(iii) The holders of the Class A shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of, or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting; the holders of Class A shares shall however be entitled to notice of meetings called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

(iv) Upon and subject to the terms and conditions hereinafter set forth, each Class A share shall be convertible at the option of the registered holder into one (1) fully paid and non-assessable common share of the Company as constituted hereby, at any time on or after the first day of November, A.D. 1971; if the number of outstanding common shares of the Company shall be increased or decreased at any time hereafter as a result of any consolidation or subdivision of the common shares or as a result of any stock dividend on the common shares, the number of common shares into which each Class A share shall be convertible shall be increased or decreased proportionately; a holder of Class A shares desiring to convert his Class A shares into common shares in accordance with the foregoing, shall surrender the certificate or certificates representing his Class A shares so to be converted to the Company at its head office or to the transfer agents, if any, for the time being of the Class A shares, together with a written request for such conversion in such form and with such verification of signature as the directors of the Company may from time to time require; the conversion shall be deemed to take effect as of the date upon which the said certificate or certificates shall be surrendered to the Company at its head office or to the transfer agent, as the case may be, accompanied by the said written request, unless such date be a Saturday or a holiday, in which event it shall take effect on the next business day; in the event that part only of the Class A shares represented by any certificate shall be converted, a certificate for the remainder of the Class A shares represented by the said certificate shall be delivered to the holder without charge; there shall be no payment or adjustment on account of any unpaid dividends on the Class A shares converted or on account of any dividends on the common shares resulting from such conversion;

(v) The authorization required by subsection (4) of Section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A shares or to create preference shares ranking in priority to or on a parity with the Class A shares may be given by at least two-thirds of the votes cast at a meeting of the holders of Class A shares duly called for that purpose.

(vi) The common shares shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A shares and shall entitle the holders thereof to one (1) vote in respect of each common share held at all meetings of the shareholders of the Company.

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reference:
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Toronto 1, Canada —— 366-8957

AR43

February 26, 1969

MEMORANDUM From M. E. Bogard

Attention: Financial Analysts/Editors

Re: REALTY CAPITAL CORP. LIMITED

For your information, here is an up-to-date resume on the company's corporate structure and capitalization, operations, earnings and management.

CORPORATE STRUCTURE AND CAPITALIZATION

Realty Capital Corp. Limited, formerly C-I Credit Corp. Limited, is a holding company which, through two wholly-owned subsidiaries and its major shareholding in another company, is equipped to operate in the full range of real estate development, mortgage financing, savings and loans.

On January 23, 1969, shareholders of C-I Credit Corporation approved a change of name to Realty Capital Corp. Limited, a two-for-one common and class A stock split, and creation of an additional 600,000 class A shares to bring total authorized capital to 360,000 common shares and one million class A shares.

Subsequently, Walwyn, Stodgell & Co. Ltd., and Annett Partners Ltd., underwrote 250,000 class A convertible shares with warrants.

These shares were offered to the public in units consisting of two shares plus one Series C warrant and were priced at $8.05. The warrants permit the purchase of one Class A share at $4.50 to February 15, 1974 and at $5 to the same date in 1978. The company received $910,000 from the new issue.

After the re-organization and underwriting, the company currently has 174,400 common shares and 280,500 non-cumulative, non-voting, participating, convertible Class A shares outstanding. Each Class A share is convertible into one common share at any time after November 1, 1971.

The company intends to apply for listing of its Class A shares on the Toronto Stock Exchange. They are at present registered for trading over-the-counter in Ontario.

Also outstanding are $498,000 in 6-3/4 percent convertible debentures Series A maturing December 1, 1974. These debentures are convertible into Class A shares at the rate of one share for each $4 in principal amount up to December 1, 1969, and thereafter at $5 to maturity.

Another $100,000 in 8 percent series B debentures maturing October 22, 1978, is convertible into Class A common at $4.50 per share to October 21, 1973, and thereafter at $5.00 to maturity.

If all options, warrants and conversion right were exercised immediately, it would result in 403,197 additional common or Class A shares outstanding adding $1.1 million in cash to net worth and reducing debt outstanding by $598,000.

Not later than June 30, 1969 the company will have available $500,000 (U.S.) through the sale, concluded in 1968, of 15-year secured certificates to a large U.S. institution.

OPERATIONS

Warchester Investments Ltd., a wholly-owned subsidiary, is involved in the purchase, development and sale of real estate, and to some extent, in real estate leasing and construction.

Major projects scheduled for the current year are a 57-suite apartment house in Pickering and a building in Richmond Hill which is expected to be leased to a bank for a 20-year period.

Three other parcels of land – two in the Town of Mississauga and the third near Bath, just west of Kingston, were recently purchased for development.

In the ten months ended October 31, 1968, sales of mortgages and real estate amounted to $1.3 million. This compares with a total of $976,000 in all of 1967, $454,000 in 1966 and $276,000 in 1965.

Another wholly-owned subsidiary, Commodore Investments Ltd., concentrates on provision of funds for mortgages on residential real estate. It also provides short-term "bridge financing" for construction and development of real estate. Effective annual interest charges here are 11-15 percent.

Bad debt experience of Warchester and Commodore has been very good. The relatively few foreclosures to date have resulted in a profit to the company.

County Savings & Loan Corp., in which the company has a substantial interest, operates under the Loan & Trust Corporations Act of Ontario. It has three branches in Toronto – located at 133 Richmond Street West; 1224 St. Clair Avenue West and 1954 Danforth Avenue.

Services offered include the regular savings and chequing accounts, sale of investment certificates and provision of personal loans. These services are competitive, in respect to interest rates, to similar services offered by chartered banks.

As a member of the government-operated Canada Deposit Insurance Corporation, County offers each depositor automatic protection against loss to a maximum of $20,000.

County is also an approved lender under the National Housing Act and as such can participate in Central Mortgage & Housing Corporation mortgages.

Total assets of the Company have grown from $1.2 million in 1965 to $2.1 million in 1966 and $3.2 million in 1967. Gross income increased from $48,000 to $125,000 and $224,000 respectively over the same periods.

Realty Capital currently holds a 30.9% interest in County. Under an agreement concluded in 1968, the company will acquire a further, approximate 10.4% interest through instalment purchases.

EARNINGS

The company has shown consistent growth in all areas of activity over the past five years.

Net earnings rose from $30,260 for the full year 1964 to $71,518 for the nine months ended September 30, 1968. Net per new common and Class A share went from 15 cents in 1964 to 34 cents for the nine-month period ended September 30, 1968.

Preliminary estimates for the full year, 1968, indicate that net income will top $100,000 or 45 cents to 50 cents per new share.

Earnings for the nine months ended September 30, 1968 cover the 15-cent-per-share Class A dividend requirement 2.27 times. The ratio of available earnings to interest on secured and unsecured debt and Class A dividends is 1.28.

CONTROL AND MANAGEMENT

Voting control of the company is held firmly by management.

Directors are: David S. Ades, president; Raphael E. Ades, chairman; Pierre Genest, secretary; Jeanne Ades, Stephen E. Berger, William G. Durst, Philip E. Hoffman, William C. Lawrence. Robert F. Chisholm, John C. Stodgell and John McKenzie McLean will be elected directors at the next meeting of the board.

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Notes

1. All figures are subject to audit and year-end adjustments.
2. For comparative purposes the number of shares outstanding at June 30, 1968 has been adjusted for the two for one split of Class A and Common shares authorized by the supplementary letters patent dated January 25, 1969.
3. A statement of source and application of funds has not been included as it is not practicable to apportion certain assets and liabilities into current and non-current categories.
4. The earnings per share figures are calculated using the weighted monthly average number of shares outstanding during the respective six-month periods.
5. Calculations have been made as if all options, warrants and conversion rights had been exercised at January 1 of each period or at the actual date of issue or conversion which occurred during the period. Appropriate adjustments have been made to income for elimination of interest on subordinated convertible debentures (less related income taxes) and for imputed earnings (using the company's borrowing rate of 9% p.a. in 1969 and 8% p.a. in 1968) on proceeds from the exercise of all options and warrants.
6. A dividend of 15¢ per share must be paid in a given fiscal year before any dividends can be paid on the common shares in that year, and if such 15¢ dividend is paid on both the Class A and common shares, the shares of both classes participate equally, share for share, in any additional dividends paid in that fiscal year.

REALTY CAPITAL CORP. LIMITED
Interim report for the six months ended June 30, 1969

INTERIM REPORT

for the six months ended June 30, 1969

REALTY CAPITAL CORP.
LIMITED

REALTY CAPITAL CORP. LIMITED

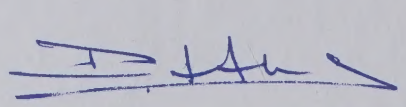
President's Report

I am pleased to report that your company continued to improve in all sections of its business in the first half of 1969. Total income for the six-month period ended June 30, 1969 was $223,744 compared with $197,171 for the same period in 1968, and net earnings after tax were $41,888 compared with $38,599.

Based on the weighted monthly average number of shares outstanding during the respective six-month periods, ended June 30, 1969 and 1968, earnings per share were $0.12 and $0.19 respectively.

Your company received funds from the sale of 250,000 Class "A" treasury shares and 155,000 Series C purchase warrants in March 1969, and from the sale of a fifteen year term secured note of $500,000 (U.S.). Most of these funds have now been invested and consequently mortgages receivable increased to $2,905,250 and real estate acquired for sale and land acquired for development, increased to $2,561,217, from $2,533,736 and $458,768 respectively, as at December 31, 1968. The company has assumed mortgages on the land acquired for development amounting to $1,615,359. Earnings from the investment of these funds will not become fully apparent until the second half of the year and more so in the following year.

Your company continues to expand its activities in the land development and other fields. I anticipate a continued growth in earnings for the balance of 1969.



David S. Ades
President

Toronto
August 22, 1969

Consolidated Statement of Earnings

	Six Months Ended June 30	
	1969	1968
Total income	$ 223,744	$ 197,17
Interest	67,871	76,52
Administration expenses	71,169	44,97
Depreciation and amortization	6,260	5,82
	145,300	127,32
Earnings before income taxes	78,444	69,84
Income taxes	36,556	31,24
Net earnings for the six-month period	$ 41,888	$ 38,59
Dividends paid on Class "A" shares	$ 14,030	$ 2,25
Number of shares outstanding		
Class "A"	300,375	30,00
Common	174,400	174,40
	474,775	204,40
		(Note 2
Basic net earnings per share (Class A and Common) (Note 6 and 4)	$ 0.12	$ 0.1
Fully diluted earnings per share (Class A and Common) (Note 5 and 4)	$ 0.10	$ 0.1

	As at June 30	
	1969	1968
Total Assets	$6,052,212	$3,230,50

(See accompanying Notes)